

Markets in Crypto Assets (MiCA) Regulation

Cyprus Securities and Exchange Commission (CySEC) issues circular C648



Notification of crypto asset services under article 60 of MiCA

In the context of the upcoming application of the Market in Crypto Assets Regulation (MiCAR), CySEC issued on 26 June 2024 [Circular \(C648\)](#). This circular invite regulated entities including Cyprus Investment Firms (CIFs), UCITS Management Companies, and Alternative Investment Fund Managers (AIFMs) to express their intent regarding the provision of crypto related services. This initiative aims to enhance understanding of the market to facilitate the practical implementation of the notification procedure under Article 60 of MiCAR.

To this effect a [Questionnaire](#) has been distributed. The questionnaire contains sixteen questions and is expected to take between 15 and 30 minutes to complete.

Regulated entities are strongly invited to submit their answers by the deadline of Friday 26 July 2024.

What is MiCAR?

The Markets in Crypto-Assets regulation (EU) 2023/1114 entered into force on 29 June 2023. MiCA introduces a comprehensive legislative framework for crypto-assets and related activities and services. Focusing on consumer protection, market integrity and fostering innovation, this regulation seeks to enhance legal clarity, establish compliance standards, and promote investor confidence.

As a regulation, MiCAR will be directly applicable across EU member states, replacing the existing domestic laws and harmonising all national legislation in the area of crypto-assets and activities related to them.

MiCAR creates a bespoke regime for crypto-assets that are not already covered in European financial services legislation and groups them into three main categories:

- (i) asset-referenced tokens (“ART”),
- (ii) e-money tokens (“EMT”), and
- (iii) other crypto-assets. The extent of the requirements to which issuers of crypto-assets are subject depends on this classification.

Crypto-asset service providers (“CASP”) are subject to an authorisation regime involving notably prudential and organisational requirements and consequently will be subject to a supervisory regime by the CySEC. The above mentioned regulated entities that already have a regulated status can provide certain services on crypto-assets upon a simple notification.

“Financial entities covered by Article 60 of MiCA (Market in Crypto Assets Regulation) will have the option to provide crypto-asset services in the European Union equivalent to the services and activities for which they are authorised under relevant EU law”.

Who is in scope of MiCAR?

Broadly, MiCA applies to persons and entities that are engaged in the issuance, offer to the public and admission to trading of crypto-assets or that provide services related to crypto-assets (referred to as crypto-assets services providers or “CASPs”) in the EU.

When will MiCAR apply?

- The provisions related to the asset-referenced tokens and e-money tokens (Titles III and IV) apply from 30 June 2024.
- The remaining provisions (Titles I, II, V, VI and VII) will apply from 30 December 2024.



How can KPMG in Cyprus support you?

Our regulatory advisory team specialises in providing tailored solutions to help potential clients understand and adhere to the latest EU regulatory requirements.

We can help you understand the new regulatory requirements brought by MiCA and incorporate them into your broader digital asset strategies. In particular, we can support you with a range of services, including:

- Exploring the potential benefits brought about by digital assets, cryptocurrencies, and underlying technologies;
- Supporting the assessment and implementation of MiCA, including regulatory gap assessments, authorizations, and the development of appropriate capabilities;
- Providing support with tax and audit requirements; and,
- Engaging with regulatory authorities regarding license permissions, whether for new licenses or amendments to existing licenses.

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